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IRS OVERSIGHT BOARD APPROVES IRS FIVE-YEAR STRATEGIC PLAN; CALLS FOR CLEAR, LONG-TERM GOALS

(Washington, DC) At its May 10-11, 2004 meeting, the IRS Oversight Board approved the IRS Five-Year Strategic Plan. The plan will provide guidance and direction for IRS managers and employees and make available information, direction and rationale regarding the IRS' interaction with taxpayers. Recently, the IRS met with stakeholders to review the draft and discuss comments. The final plan will be released later this year.

The Board, which worked closely with the IRS in developing the plan, emphasized the importance of setting long-term quantitative goals to provide clarity and measure progress. The Board asked the IRS to amend the Strategic Plan next year to include such measures and goals. At that time, the IRS National Research Program's findings regarding compliance will be available and can be used in setting reasonable objectives.

"The IRS, like any major organization, needs a few clear, specific goals that are understood throughout the organization if it is to succeed," said Board Chair Nancy Killefer. "At the same time, these goals must reinforce our nation's expectations of our tax administration's system. The IRS mission statement calls for applying the tax law with integrity and fairness to all; its goals and the way they are measured must reflect that."

Filing Season Ends Successfully

Henry Lamar, Commissioner of the IRS Wage and Investment Operating Division, reported a successful 2004 filing season, with a dramatic improvement in service. The agency fielded more phone calls than ever before. Almost nine out of ten taxpayers seeking help received it, a tremendous boost since 2002, when only seven out of ten callers got through. In addition, 60 million taxpayers filed their returns electronically, a 15 percent increase from the previous year. Of that, 14 million filed using their home computer, up 22 percent from 2003.

"Investing in service is paying enormous dividends for taxpayers," said Chair Killefer. "The Board commends the IRS for continuing to improve service by making it easier for taxpayers to understand and meet their obligations."

Earned Income Tax Credit Program Revamp

David R. Williams, Director of the IRS EITC Program, released to the Board the preliminary results of the EITC Child Certification Pilot Study. The study is still underway, but is an important step in the IRS' efforts to revamp its EITC program. Last year, IRS Commissioner Everson announced a new business strategy to reduce the rate of erroneous payments while maximizing participation by eligible taxpayers.

Mr. Williams said no conclusions had been made on the study's initial findings, and emphasized the importance of focusing on data, rather than assumptions, in overhauling the program. The Board

complimented Mr. Williams on his work, and asked that he return in September to discuss the study's final results.

IRS Reports on Business Systems Modernization

IRS Chief Information Officer Todd Grams reported to the IRS Oversight Board that the IRS modernization efforts are focusing on building its capacity. Mr. Grams discussed efforts aimed at focusing and ensuring discipline and strengthening the modernization team. Last year, the Board made nine recommendations to improve the program which the IRS has been implementing (to read the report, go to www.irsoversightboard.treas.gov).

Board to Meet in Kansas City

The IRS Oversight Board will next meet July 26-27, 2004 in Kansas City, Missouri. At the meeting, the Board will meet with IRS employees and local tax practitioners. In addition, a briefing will be held on plans to consolidate the IRS Kansas City service center campus.